DOCUMENT RESUME

ED 369 360 HE 027 399

TITLE	State University of New York Stony Brook University Hospital: Selected Expenditure Controls. Report 92-S-66.
INSTITUTION	New York State Office of the Comptroller, Albany. Div. of Management Audit.
REPORT NO	OSC-92-S-66
PUB DATE	20 Jan 94
NOTE	26p.; For related documents, see HE 027 397-400.
PUB TYPE	Reports - Evaluative/Feasibility (142)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Costs; *Expenditures; *Financial Audits; Higher Education; *Hospital Personnel; Overtime; Payroll Records; Personnel Management; *Personnel Policy; Purchasing; *Teaching Hospitals
IDENTIFIERS	*State University of New York Stony Brook

ABSTRACT

An audit was done of selected expenditure controls at the State University of New York (SUNY) at Stony Brook University Hospital particularly payroll costs and procurement practices. The Hospital reported an operating loss of $24 million in 1992. The audit reviewed Hospital management and staff and applicable policies and procedures as well as records of expenditure transactions. Overall findings were that certain purchasing practices could be improved. More importantly the Hospital is not adequately controlling payroll costs for oncall and recall services and is making unnecessary payments to some employees. Employees oncall receive $2.25 an hour for time oncall. employees on recall receive time and a half for a minimum of one-half day or hours worked, whichever is greater. The audit found that many employees are scheduled and receive payments for oncall status but are rarely recalled. Questionable and improper practices identified include payments to employees for working overtime or on recall basis while they are being paid for oncall status, recalling staff who are not oncall while staff on oncall in the same unit are never recalled, and staff use of sick leave during normal shifts while also remaining oncall. The original audit was in January 1992. A return visit in June 1993 found many of the same practices in place. Comments of SUNY officials are included. (JB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 369 360

State of New York
Office of the State Comptroller
Division of Management Audit

STATE UNIVERSITY OF NEW YORK
STONY BROOK UNIVERSITY
HOSPITAL

SELECTED EXPENDITURE CONTROLS

NE 027 399

H. Carl McCall

Comptroller

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Office of the State Comptroller, State of New York
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

BEST COPY AVAILABLE

2

State of New York
Office of the State Comptroller

Division of Management Audit

Report 92-S-66

Dr. D. Bruce Johnstone
Chancellor
State University of New York
State University Plaza
Albany, NY 12246

Dear Dr. Johnstone:

The following is our report on selected expenditure controls of the State University of New York at Stony Brook University Hospital.

This audit was performed pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law.

This report was prepared under the direction of John T. Walsh, Audit Director. Major contributors are listed in Appendix A.

Office of the State Comptroller
Division of Management Audit

January 20, 1994

Executive Summary

State University of New York
Stony Brook University Hospital
Selected Expenditure Controls

Scope of Audit

The State University of New York at Stony Brook University Hospital (Hospital) is a 536-bed teaching hospital that provides both inpatient and outpatient services. During 1992, the Hospital admitted more than 19,000 inpatients and treated over 210,000 patients in its outpatient and emergency room facilities. During that year, the Hospital reported an operating loss of almost $42 million; it also reported a loss of $46 million in the preceding year. These losses have been offset by subsidies from the State.

Our audit addressed the following questions about whether the Hospital's expenditure controls are adequate:

- Is the Hospital appropriately controlling payroll costs for oncall and recall services?

- Do the Hospital's purchasing practices result in the obtaining of goods and services at the best possible prices?

Audit Observations and Conclusions

We found that certain purchasing practices could be improved. Of a more serious nature, we found that the Hospital is not adequately controlling payroll costs for oncall and recall services and is making unnecessary payments to some employees.

To ensure that staff is available to meet patient needs, Stony Brook uses oncall and recall services. For oncall service, the employee accepts a responsibility to be available to report, if called, to the worksite within a limited period of time. With recall service, the employee actually returns to the worksite after having completed the normal workday or is called to the worksite from oncall status. Employees are paid $2.25 an hour for the time they agree to be oncall. For recall service, employees receive time and one-half for a minimum of one-half day, or the hours worked, whichever is greater.

We found that a number of Hospital staff are scheduled and receive payments for oncall status, but are rarely recalled. Furthermore, we identified a number of questionable or improper practices, including payment to employees for working on an overtime or recall basis at

the same time they are being paid for oncall status. We found that some employees not scheduled for oncall status are recalled; while colleagues in the same unit are not recalled, even though they have been receiving oncall payments to guarantee their availability if needed. We also found that employees who use sick leave during their normal shift are allowed to remain oncall during their off-shift. (see pp 5-11)

Comments of SUNY Officials

Draft copies of this report were provided to Hospital and SUNY Central Administration officials for their review and comment. The officials agree with all of our recommendations. In relation to oncall and recall services, they indicated the Hospital has implemented a policy that should address all our concerns. (See Appendix B)

Contents

Introduction	Background	1
	Audit Scope, Objectives and Methodology	1
	Response of SUNY Officials to Audit	2
Oncall and Recall Costs	Scheduling of Staff for Oncall Status	5
	Employees Receiving Recall Pay	6
	Other Oncall and Recall Matters	9
Purchasing Practices		13
Appendix A	Major Contributors to This Report	
Appendix B	Comments of SUNY Officials	

Introduction

Background

The State University of New York (SUNY) operates three hospital centers at Stony Brook, Brooklyn and Syracuse to provide professional education, patient care and biomedical research. The University Hospital at Stony Brook (Hospital) is a 536-bed teaching hospital that provides both inpatient and outpatient services, including specialized treatment for AIDS, burns, kidney ailments, and sleep disorders. During calendar year 1992, the Hospital admitted more than 19,000 inpatients, while almost 175,000 patients visited its ambulatory care pavilion. During this same period, 37,000 patients were treated in the Hospital's emergency room. The Hospital reported an operating loss of almost $42 million during that year and a $46 million loss in the preceding year. These losses are offset by subsidies from the State.

The Hospital has almost 3,200 full-time equivalent staff positions. During the 1989-90 and 1990-91 fiscal years, the Hospital expended $93.2 million and $134.5 million, respectively, for personal service costs. The increase was so large partly because SUNY's 1991-92 fiscal year began in July instead of April. Thus, the 1990-91 fiscal year encompassed 15 months instead of 12. For the same two periods, the Hospital spent $55.9 million and $74.6 million, respectively, for other than personal services. During 1991, approximately 326 Hospital employees received oncall payments with a total value of almost $440,000. The purpose of the oncall process is to ensure that employees will be available for return to the work site, if needed, to provide patient care.

Oncall employees who are actually recalled are paid at time and one-half for a minimum of one-half day or for the actual hours worked, whichever is greater. We were not able to calculate the total cost of recall payments because the Hospital's records do not distinguish that expenditure from regular overtime costs.

Audit Scope, Objectives and Methodology

We audited the Hospital's practices relating to selected expenditures for the period April 1, 1989, to January 1, 1992. The primary objective of our performance audit was to evaluate whether Hospital expenditure controls are adequate to contain costs. To accomplish this objective, we interviewed Hospital management and staff and reviewed applicable Hospital policies and procedures. We also analyzed records of expenditure transactions.

Considering the significant length of time from our original scope end date (January 1, 1992), we revisited the Hospital in June 1993 to determine the extent to which the conditions previously identified and discussed in this report still exist. We found, for the most part, the conditions have remained the same. We did note, however, that guidelines for oncall/recall activities being drafted by Hospital officials (copy provided to us during our revisit) will, if implemented, address many of the oncall/recall problems we identified. Subsequently Hospital officials, in their response to the draft of this audit report, indicated the guidelines have been implemented. (See Appendix B)

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of the Hospital which are included within the audit scope. Further, these standards require that we understand the Hospital's internal control structure and compliance with those laws, rules and regulations that are relevant to the Hospital's operations which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those operations that have been identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

Response of SUNY Officials to Audit

Draft copies of this report were provided to Hospital and SUNY Central Administration officials for their review and comment. The officials are in general agreement with our recommendations. Concerning oncall and recall services, they stated that "As a result of the audit, we have implemented a hospital-wide policy which clearly establishes allowable conditions for oncall/recall as well as the necessary internal controls to administer payments." See Appendix B for a complete copy of SUNY officials' response to our draft report.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chancellor of the State University of New York shall report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Oncall and Recall Costs

When we reviewed the oncall and recall payments to a sample of 14 employees who were credited with a large number of recall hours for the period July 4, 1991, to January 1, 1992, we found that the Hospital had made unnecessary payments in both categories. We found that a number of Hospital staff are scheduled and receive payments for oncall status, but are rarely recalled. Furthermore, we identified a number of questionable or improper practices, including the payment of employees for working on an overtime or recall basis at the same time they are being paid for oncall status. We found that some employees not scheduled for oncall status are recalled; while colleagues in the same unit are not recalled, even though they have been receiving oncall payments to guarantee their availability if needed. We also found that employees who use sick leave during their normal shift are allowed to remain oncall during their off-shift.

Scheduling of Staff for Oncall Status

Employees are assigned to oncall status to ensure that they will be available if needed for returning to the work site to provide patient care. These employees serve as backup for the Hospital during off-peak hours, when it would not be necessary or cost-efficient to use full-time staff. For oncall hours, employees are paid at a rate of $2.25 per hour.

We found that some department supervisors schedule large amounts of oncall time, but their employees are seldom, if ever, needed for recall. For example, five Electroencephalogram (EEG) Department technicians included in our sample reported a total of 6,200 oncall hours costing $13,950 for the six-month period under review. However, we determined that they worked only 42 recall hours, which represented less than 1 percent of the total oncall hours reported. The Hospital paid one technician for 792 oncall hours during the six-month period, although she was recalled to work for just 2 hours and 40 minutes during that time. In addition, eight Labor and Delivery Department nurses were oncall for 702 hours. During the entire six-month period, only one of the eight returned to work, for three hours. In another instance, a motor vehicle operator (driver), assigned the status of "second call" because another driver was already oncall, was credited with 3,040 oncall hours. He was actually called in to work for just 17 hours during that period.

We contacted the Department officials involved to discuss their scheduling of oncall hours. An EEG Department official told us that the oncall requirement was established initially when the Department was set up, and he simply administers the schedule he inherited.

A Labor and Delivery Department nursing official stated that oncall nurses are recalled only for emergency activity (i.e., dramatic increases in the number of patients) and not to cover for absent nurses. We found this to be true; however, we also found nurses are claiming overtime pay for working shifts other than their normal assignments, even if they are not oncall. Apparently, when additional nurses are needed for non-emergency situations, the Hospital is able to find employees willing to put in extra hours and receive overtime credit without first being assigned to oncall status. Therefore, it is possible that the Hospital could schedule less oncall time for nurses without any decline in the quality of patient care.

We were told that the elimination of oncall status for employees such as the driver would put the Hospital at risk, because a patient could suffer or even die if the driver's oncall availability was curtailed. But we question the need for the second driver, especially since some of the duties performed by the first oncall driver when recalled, were completely unrelated to patient care. (See next section.)

We believe Hospital personnel should prepare oncall schedules based on previous oncall utilization trends; we have identified employees assigned to oncall status who are almost never recalled.

Recommendation

1. Schedule staff for oncall status only when the need has been established.

Employees Receiving Recall Pay

By definition, a recalled employee returns to the work site after completing a normal workday. To be eligible for recall pay (a minimum of one-half day at one and one-half times the normal hourly rate), the employee must have left the work site and then returned to the Hospital. When we reviewed recall services for the six-month period of July 4, 1991, to January 1, 1992, we found that on several occasions employees in the Transplantation Center, Tissue Typing Lab, Motor Vehicle Services Department and EEG Department were paid for recall duty but probably never left the work site. In 19 specific instances employees from these units were recalled within one hour of the end of their normal workdays. In some cases, the recalls occurred within minutes after the end of the workday.

For example, we identified eight occasions on which the two transplant coordinators recorded recall hours that occurred immedi-

ately after their normal shifts ended. These employees received recall pay, despite the fact that they had never left the work site. On another occasion, an EEG technician returned to work ten minutes after the end of her shift and remained for one and one-half hours, for which she collected four hours of recall pay. On another occasion, a driver returned to work 15 minutes after the end of his shift, worked for one and one-quarter hours, and received four hours of recall pay. If these employees had not left the work site, they should have been paid at the overtime rate for the actual number of hours worked, not a minimum of four hours.

Contrary to Hospital policy, some Hospital managers believe that recall hours begin at the end of a shift, even if the employee has not left Hospital grounds. These managers consider such time as overtime only if the return is scheduled before the end of the shift. A supervisor told us that one of her staff would not continue working at the Hospital if he were on overtime instead of recall status because her employees are members of United University Professions (UUP), and are entitled to overtime pay only after they have accumulated 240 compensatory overtime hours from the date of hiring. These recall practices are improper and costly.

According to hospital policy, recall payments are supposed to be made only when an employee returns to the Hospital for "unscheduled overtime not contiguous with the employee's scheduled work period." We identified 13 instances, within the Motor Vehicle Services and EEG departments, when the return to work was scheduled in advance; yet the employees recorded the return as a recall, and collected higher compensation than entitled to. For example, an EEG technician claimed four hours of recall pay for a day on which she reported to the Hospital for just 15 minutes, to perform an intensive monitor check. Hospital Department personnel told us that this type of task sometimes occurs in the EEG Department. If it is known in advance that an employee will have to return to work, the time worked should be considered scheduled overtime. These employees should have been paid for actual time worked and not for the minimum recall hours. These inappropriate practices occur because management is not adequately monitoring employees' claim of recall work hours.

In addition, we found instances in which drivers earned recall pay for tasks such as chauffeuring staff, patients, job applicants, and dignitaries. These tasks can and should be performed at a lesser cost. The UUP and Public Employees Federation (PEF) contracts allow recall pay only for job titles related directly to patient care. The recall process for Civil Service Employees Association (CSEA) drivers is supposed to be used only for emergency operational needs.

Only the blood bank, pharmacy and departments involved with direct patient care qualify as emergency operations. However, we found that the recall process was not used properly for the drivers. For example, we found that Hospital drivers made trips to Islip, LaGuardia and John F. Kennedy (JFK) airports that were not emergencies; the drivers merely picked up and dropped off passengers. The excess cost of assigning a recalled driver to drive to JFK, as opposed to hiring a taxi is approximately $85 per trip. In addition, a CSEA driver earned four hours in recall pay before his shift began, when he picked up a candidate for the position of associate dean from Port Jefferson, eight miles away, and drove him to the Hospital for an interview. A taxi would have been less expensive. Other examples are as follows:

- A driver chauffeured a University official to Islip Airport to catch an early morning flight, earning four hours of recall pay. The excess cost of using the driver instead of a taxi was approximately $75.

- On July 10, 1991, 15 days before her trip, an official requested a Hospital car to drive her from her home to the Islip airport. The driver of this car earned four hours of recall pay.

When we reviewed the time sheets of 14 Hospital employees who received large oncall payments during 1991, we found that three of these employees were recalled on days when they were not oncall and the oncall employee in the same unit was not called in. When the need arises, the normal procedure is to recall employees who are oncall. It is an improper use of resources to pay one employee for oncall, then recall another employee and pay that one at the recall rate as well. When this practice occurs, one employee receives oncall pay for the same time another is being paid for working on a recall basis.

Recommendations

2. Review the cases of employees who were paid for recall time within one hour of the end of their workday, and determine whether this time should be reclassified as overtime.

3. Recover recall overpayments made to employees when overtime compensation would have been more appropriate.

4. Ensure that supervisors are aware of and properly implement the contract provisions relating to overtime and recall.

5. Ensure that drivers are recalled only for services directly related to patient care.

6. Require that oncall employees are recalled to work before other employees are recalled.

Other Oncall and Recall Matters

The PEF and CSEA contracts state that oncall employees will receive payment for each eight hours or part thereof in which the employee is actually scheduled to remain and be available for recall. However, we found instances in which employees were oncall for four hours, but were paid improperly for eight. For example, the Labor and Delivery Department's oncall schedule is set up in four-hour blocks. In those cases where two employees each picked up one four-hour block thereby sharing oncall responsibility for an eight-hour shift, the hospital improperly paid each employee for eight oncall hours. In these cases each employee should have been paid for only four oncall hours and thus they each were overpaid four hours. We calculated that the excess cost of this improper practice was about $10,000 during the 5½ month period, July 18, 1991 to January 1, 1992.

The CSEA Institutional contract states that employees recalled more than once during a period of one-half day, are not entitled to more than one-half day's overtime credit unless more than one-half day is actually worked. However, the Operational contract that guides the Motor Vehicle Operators (i.e., the drivers) makes no such provision. Therefore, the Hospital pays its drivers a minimum of four hours for each occasion on which they are recalled within a four-hour period, even if the total time does not exceed four hours. We believe that this is an unreasonable interpretation and results in unnecessary costs

to the State. Although the CSEA Operational contract is mute on this point, we believe the Hospital's interpretation of this provision should be consistent with the terms of the Institutional contract.

If employees are too sick to work their normal shift, then it is reasonable to assume they are too sick to be listed as oncall. However, we found Hospital staff who charged sick leave for a full shift and then were scheduled for oncall status following that shift. Hospital officials told us they do not object to this practice if the employees say they could return to work if recalled. We question, however, how employees who are too sick to work during their regular shifts would be able to work if recalled.

The Hospital's Time and Attendance Unit is responsible for verifying the clerical accuracy of worked hours reported on employee time sheets. The Payroll Department must ensure that employees are paid the correct compensation. We found errors in employee pay records for the reasons cited below.

- Hours were added incorrectly on employee time sheets.

- Recall hours and overtime hours are not being subtracted from oncall hours when the times overlap. Therefore, employees are being paid improperly at overtime or recall rates at the same time they are receiving oncall pay. For example, we found a nurse was overpaid $19, a driver $42 and an EEG technician $51 in various pay periods. A Payroll Department official told us that the CSEA contract applicable to the driver does not specify that once an oncall employee has been recalled, the employee only receives payment for the recall hours. Therefore, the drivers receive both oncall and recall payments for the same time periods. We believe that this practice should be discontinued. Although the dollar amounts per employee are relatively small, the Hospital has many employees on oncall and recall; therefore, the overall impact of this practice could be significant.

Management is responsible for ensuring that attendance is reported accurately and completely. We found that the Hospital's Time and Attendance Unit and the Payroll Department do not know the specific times of the normal shifts for the UUP employees. This can result in the inaccurate calculation of overtime and recall hours, as in the example of an EEG technician, who listed extra hours in the recall column of his time sheet, when the hours were actually overtime. If the Time and Attendance staff had known the employee's schedule, they could have calculated the time accurately as overtime. In order to eliminate this type of error, supervisors of UUP employees

should submit the employees' normal shift information to the Time and Attendance Unit and the Payroll Department.

Recommendations

7. Pay PEF and CSEA employees for oncall service in accordance with union contract terms; that is, for actual hours scheduled.

8. Limit employees who are recalled more than once in a four-hour period to four hours' pay unless they have actually worked more than four hours.

9. Do not schedule employees who charged sick leave during their regular shift for oncall status.

10. Discontinue the practice of paying employees for both oncall status and recall service simultaneously.

11. Require department supervisors to submit schedules of normal shifts for their UUP employees to both the Time and Attendance Unit and the Payroll Department.

12. Ensure that all UUP employees are paid for the correct number of recall hours.

13. Recover all improper overpayments made to employees.

Purchasing Practices

The SUNY procedure manual sets forth, among other things, guidelines for the purchase of goods and services. The purpose of the guidelines is to provide reasonable assurance that only needed goods and services are obtained and at the best possible prices. We reviewed the Hospital's purchasing practices and a sample of purchase transactions and found instances where purchases were not made in accordance with SUNY guidelines. We also found some other purchasing problems that should be addressed.

We found instances in which Hospital purchases were not in compliance with the SUNY guidelines. For example, we found that the required approval of the campus President or designee was missing on sole source purchases; required written or verbal bids were not solicited; contracts were not advertised as required; and split-ordering has occurred.

The SUNY procedures manual requires that justifications supporting sole source contracts be reviewed and approved in writing by the campus President or his designee to ensure the reasonableness and propriety of such transactions. We found two purchase orders issued to the same vendor for the same product with attached sole source justifications but without the approval by the campus President or his designee. Without the appropriate review and approval, the Hospital does not have the intended assurance that they have obtained this product at the lowest possible cost.

We also found two instances in which at least two purchase orders were issued to the same vendor for the same service within a short period of time between each transaction. For example, the Medical Records Department issued one purchase requisition, totalling $2,446, for a shelving system. On this same requisition, a request for $1,300 worth of additional shelving had been crossed out and was then issued on a separate requisition. The purchase order numbers for these two requisitions were just three figures apart in sequence. We believe this order was split to avoid the need for soliciting bids. If all of the shelving had been included on one requisition, the total would have exceeded $2,500, the point at which a minimum of three bids are required. (In response to a draft of this report, SUNY officials indicated they feel this was an isolated occurrence.)

The Purchasing Department provides control over costs by helping to ensure that goods and services are necessary and have been obtained at the best price. The Department achieves these objectives

by reviewing departmental approvals and obtaining required price quotes and competitive bids. We found seven instances, however, in which expenses were incurred by Hospital departments prior to the Purchase Department's approval of the purchase requisitions and issuance of the purchase orders. In these instances, the purchase orders were issued only to authorize payment, without giving the Purchasing Department the opportunity to do its job. Consequently, goods and services may not be ordered at the lowest available price.

The SUNY accounting guideline manual requires that purchases be charged to specific object codes at the time of approval. We found 12 instances in which purchase orders were charged to incorrect object codes. For example, one purchase order, totalling $67,711, was for office supplies to be obtained from a vendor that was under contract with the Hospital. This purchase order was charged to office furniture. In another instance, two purchase orders, totalling over $17,100, were coded to supplies and materials; but the vendor actually supplied temporary service employees to the Medical Records Department to handle a backlog of service coding. Purchasing officials could not explain these incorrect coding problems. Without correct expenditure coding, the Hospital has lessened assurance that its departments are not overspending their approved budgets. It also does not have correct data for future budget planning.

Recommendation

14. Comply with SUNY purchasing procedures and guidelines for approval of sole source purchases and soliciting of bids.

15. Do not split purchases into multiple transactions to circumvent bidding requirements.

16. Do not purchase goods and services until the transaction is approved by the Purchasing Department.

17. Ensure that expenditures are coded in accordance with the SUNY accounting guideline manual.

Major Contributors to This Report

Marvin Loewy, Audit Manager
Karen Bogucki, Audit Supervisor
Joanne Kavich, Auditor-in-Charge
Gene Brenenson, Senior Auditor
Marc Fuschetto, Senior Auditor
Claude Volcy, Senior Auditor
Marticia Madory, Report Editor

State University of New York
State University Plaza
Albany, New York 12246
Office of the Senior Vice Chancellor
Division of Administrative Affairs

November 17, 1993

Mr. Robert H. Attmore
Deputy Comptroller
Office of the State Comptroller
The State Office Building
Albany, New York 12236

Dear Mr. Attmore:

In accordance with Section 170 of the Executive Law, we are enclosing the comments of the University Hospital at Stony Brook and SUNY Central Administration regarding the draft audit report on Expenditure Controls, SUNY Stony Brook University Hospital (92-S-66).

Sincerely,

Harry K. Spindler
Senior Vice Chancellor
Division of Administrative Affairs

Enc.

Appendix B

University Hospital at Stony Brook Comments

We have reviewed the report in detail and agree, for the most part, with the observations and recommendations of the auditors.

Until recently, individual hospital departments have been relying upon the UUP, PEF and CSEA contracts in determining applicable policy for on call/recall utilization. Because these contracts do not clearly delineate appropriate protocol there has been some inconsistency in application. As a result of the audit, we have implemented a hospital-wide policy which clearly establishes allowable conditions for on call/recall as well as the necessary internal controls to administer payments. This policy specifically addresses all concerns expressed by the auditors (Recommendations #1 through #13) pertaining to on call/recall, with the exception of Recovery #3 and #13), which we address separately below. A copy of our policy is attached.

As recommended by the auditors, we will review those instances where seemingly inappropriate payments were made for on call and recall. If we can clearly determine that payments were improper and not simply the result of differences of interpretation regarding contract terms, we will attempt recovery.

We can and will be more cost-conscious where applicable. However, as a tertiary care facility, we must maintain adequate staff coverage so that we can properly respond to life sustaining events as they occur. In so doing, we will endeavor to provide a more thorough paper trail to justify future medical necessity.

Recommendations

1-13. We agree. Our recently implemented hospital-wide on call/recall policy referred to above addresses these recommendations.

14. All future sole source purchases will be in accordance with SUNY purchasing procedures and guidelines.

15. We feel that the instance quoted by the auditors was an isolated occurrence, as we do not split orders to circumvent policy.

16. We have advised all hospital departments against making unauthorized commitments.

17. We have revised our crosswalk listing to permit accurate coding.

State University of New York Comments

We agree with the recommendations and the Health Science Center's responses thereto.

UNIVERSITY HOSPITAL STONY BROOK

ON CALL/RECALL POLICY

I.	Introduction	1
II.	Definitions	1
III.	Eligibility	1
IV.	Scheduling	2
V.	Utilization	2
VI.	Payment	2
VII.	Documentation	3
VIII.	Responsibility	3

UNIVERSITY HOSPITAL STONY BROOK

ON CALL/RECALL POLICY

I. INTRODUCTION

These procedures represent University Hospital's policy for the appropriate and consistent use of *on call* and *recall* in the provision of patient care services. They will not supersede any existing agreements made between the State of New York and any of the bargaining units. They will serve as established institutional policy, and will be included in the Hospital's Administrative Policies and Procedures Manual.

II. DEFINITIONS

- "*On call*" refers to pre-scheduled time periods during which eligible employees have left the *work site*, but are required to be available for recall to the *work site*. Additionally, they must be accessible at all times for telephone consultation.

- "*Recall*" refers to time periods during which eligible employees have left the work site and are called back to perform job-related duties. They must be able to report to the *work site* within thirty (30) minutes.

- "*Overtime*" refers to hours worked either immediately before or after an eligible employee's regular shift or planned during an eligible employee's regular shift for off-shift hours.

- "*Work site*" shall mean all property associated with University Hospital, Health Sciences Center or the Stony Brook Campus. The manager or designee can designate alternate and/or additional authorized locations as *work sites* depending on need.

III. ELIGIBILITY

- A full-time UUP-represented employee must be in an eligible title and area of assignment as per current union contract.

- A CSEA/PEF-represented employee must be on a certified line approved on an annual basis by the Division of the Budget in Albany.

IV. SCHEDULING:

- Eligible employees must have equal opportunity to be rotated on a written *on call* schedule. Departments that do not have an *on call* schedule but may require *recall* must likewise rotate the call so that all eligible employees have an equal opportunity to participate.

- Schedules for *on call* assignment must be reviewed and approved by the manager or designee on a biweekly basis.

- Employees who are scheduled to be *on call* but call in sick during their normal shift will have their *on call* status taken by the next available employee on the schedule.

V. UTILIZATION:

- The use of *on call/recall* must be directly related to patient care or emergency operational needs.

- Because *recall* is to be used on an emergent basis only, it cannot be planned nor scheduled.

- *Recall* begins when the employee arrives at the *work site.*

- An employee who is *recalled* must stay through the completion of the task.

- All eligible CSEA and PEF employees are to be scheduled for *on call* in eight hour blocks. Eligible UUP employees are to be scheduled for *on call* on an hourly basis.

VI. PAYMENT:

- UUP- and PEF-represented employees cannot receive both *on call* and *recall* payments for the same period of time.

- If an employee fails to respond or be available for *recall* while *on call*, the employee will not be paid for the corresponding *on call* hours. Repeated failures to respond will be addressed via progressive disciplinary action.

- The manager or designee will disallow *on call* pay when the employee who is *on call* is not the employee *recalled.*

- If an employee works *overtime*, *on call* will not be paid for the same period of time. *Overtime* and *on call* hours may not overlap.

- Employees who are *recalled* more than once in a four-hour period will be limited to four hours' pay unless they have actually worked more than four hours. (See payment schedules and procedures per bargaining unit.)

VII. DOCUMENTATION:

- The "remarks" section of the time sheet must be used by the manager or designee to indicate reason for *recall* and/or *overtime*; e.g., medical record number. Appropriate cost center should also be noted.

- The *on call/recall* and/or *overtime* hours must be clearly indicated by the employee on the time sheet (for example: 1700-1730).

- A schedule of the regular hours for all eligible UUP employees who receive *on call/recall* and/or *overtime* compensation must be submitted to Timekeeping by the manager or designee with the time sheets for the period.

VIII. RESPONSIBILITY:

- Accurate completion of time sheets including the proper reporting and totalling of all hours is the employee's responsibility. At the time of submission to Timekeeping, the manager or designee is responsible for ensuring that the time sheets are prepared accurately and completely, and that any usage of *on call/recall* and/or *overtime* is in accordance with existing Hospital policy.

- Managers must perform a biweekly review of their *on call/recall* and *overtime* utilization in an attempt to eliminate non-essential usage and minimize *on call* expense.

- *On call/recall* and *overtime* usage and expenditures must be reviewed and justified by the manager during the annual budget process.

  The manager will be held accountable for projecting and authorizing expenditures for *overtime* and *recall*.

- Any exception to these stated *on call/recall* policies must be documented and fully justified by the manager or designee for the

department and Timekeeping files. These exceptions must be reviewed and approved in writing by the appropriate A.ED and the Hospital's COO. Failure to follow this protocol may result in the reclamation of paid wages.

- Departments identifying additional titles for *on call/recall* must first secure the approval of the COO before submitting any documentation to Human Resources.